

SECOND REGULAR SESSION

# SENATE BILL NO. 1147

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY SENATORS RIDGEWAY, SCOTT, PURGASON, GROSS AND GIBBONS.

Read 1st time February 28, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

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### AN ACT

To repeal section 143.111, RSMo, and to enact in lieu thereof five new sections relating to health savings accounts.

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*Be it enacted by the General Assembly of the State of Missouri, as follows:*

Section A. Section 143.111, RSMo, is repealed and five new sections  
2 enacted in lieu thereof, to be known as sections 143.111, 143.116, 376.1150,  
3 376.1152, and 376.1154, to read as follows:

143.111. The Missouri taxable income of a resident shall be such  
2 resident's Missouri adjusted gross income less:

3 (1) Either the Missouri standard deduction or the Missouri itemized  
4 deduction;

5 (2) The Missouri deduction for personal exemptions;

6 (3) The Missouri deduction for dependency exemptions;

7 (4) The deduction for federal income taxes provided in section 143.171;

8 and

9 (5) The deduction for a self-employed individual's health insurance costs  
10 provided in section 143.113; and

11 (6) **The deduction for health savings accounts authorized under**  
12 **the Medicare Prescription Drug, Improvement, and Modernization Act**  
13 **of 2003, as provided in section 143.116.**

143.116. 1. For all tax years beginning on or after January 1,  
2 2006, an individual taxpayer shall be allowed a deduction from Missouri  
3 adjusted gross income in the amount of contributions to health savings  
4 accounts under Section 223 of the Internal Revenue Code of 1986, as  
5 amended, by the taxpayer during the taxable year to the extent that  
6 such amount is not deducted on the taxpayer's federal income tax

7 return for that taxable year.

8           2. The amount of the deduction claimed shall not exceed the  
9 amount of qualifying contributions made by the claiming taxpayer  
10 during the taxable year. The maximum annual deduction that may be  
11 claimed by an individual taxpayer under this section shall be the same  
12 as the federal limits for such deduction, which are indexed annually for  
13 inflation.

14           3. Except as otherwise provided in this section, the department  
15 of revenue shall administer the deduction allowed under this section  
16 as provided in Section 223 of the Internal Revenue Code of 1986, as  
17 amended, including any penalties for unauthorized withdrawals.

          376.1150. Sections 376.1150 and 376.1154 shall be known and may  
2 be cited as the "Health Savings Account Act". As used in section  
3 376.1154, the following terms shall mean:

4           (1) "Health savings account" or "account", shall have the same  
5 meaning ascribed to it as in 26 U.S.C. Section 223(d), as amended;

6           (2) "High deductible health plan", a policy or contract of health  
7 insurance or health benefit plan, as defined in section 376.1350, that  
8 meets the criteria established in 26 U.S.C. Section 223(c)(2), as  
9 amended, and any regulations promulgated thereunder; and

10           (3) "Qualified medical expense", shall have the same meaning  
11 ascribed to it as in 26 U.S.C. Section 223(d)(2), as amended.

          376.1154. 1. Health savings accounts may be established in  
2 Missouri under applicable federal law and regulation.

3           2. A health insurance policy that otherwise qualifies as a high  
4 deductible health plan under Section 223(c) of the Internal Revenue  
5 Code of 1986, when offered in conjunction with a health savings  
6 account, shall not be subject to any provision of law that restricts or  
7 limits deductibles for mandated minimum health insurance benefits or  
8 reimbursements except to the extent such provision mandates benefits  
9 for preventive care, as determined by the standards set forth by the  
10 Internal Revenue Service.

11           3. A health insurance policy, contract, or health benefit plan  
12 offered by a health carrier, as defined in section 376.1350, that  
13 otherwise would qualify as a high deductible health plan issued in  
14 conjunction with a health savings account established under 26 U.S.C.  
15 Section 223, as amended, may apply annual deductible amounts as

16 would be required to qualify as a high deductible health plan under  
17 federal law, notwithstanding any other law to the contrary.

18 4. Any health carrier, as a condition of transacting business in  
19 Missouri, offering a contract, policy, or health benefit plan that  
20 qualifies as a high deductible health plan for which qualified medical  
21 expenses are paid using a health savings account established under  
22 Section 223 of the federal Internal Revenue Code of 1986 (26 U.S.C.  
23 Section 223), shall provide annual surveys to the department of  
24 insurance, based upon information requested and collected from  
25 subscribers, insureds, enrollees, and covered persons covered by  
26 qualifying high deductible health plans. Each survey shall request, but  
27 is not limited to requesting, information concerning: the income levels  
28 of the subscribers, insureds, enrollees, or covered persons, covered by  
29 qualifying high deductible health plans; the type of contract, policy, or  
30 plan that previously provided coverage to those individuals; the  
31 amount of out-of-pocket expenses incurred by those individuals; and  
32 the percentage of income used by those individuals to pay  
33 deductibles. All disclosures made under this subsection shall be made  
34 in accordance with Section 2713 of the "Health Insurance Portability  
35 and Accountability Act of 1996", Pub.L.104-191 (42 U.S.C. s.300gg-13).

36 5. The director of the department of insurance is authorized to  
37 promulgate rules and regulations to implement and administer the  
38 provisions of this section. Any rule or portion of a rule, as that term is  
39 defined in section 536.010, RSMo, that is created under the authority  
40 delegated in this section shall become effective only if it complies with  
41 and is subject to all of the provisions of chapter 536, RSMo, and, if  
42 applicable, section 536.028, RSMo. This section and chapter 536, RSMo,  
43 are nonseverable and if any of the powers vested with the general  
44 assembly pursuant to chapter 536, RSMo, to review, to delay the  
45 effective date, or to disapprove and annul a rule are subsequently held  
46 unconstitutional, then the grant of rulemaking authority and any rule  
47 proposed or adopted after August 28, 2006, shall be invalid and void.

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